

## SENATE BILL No. 599

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### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 6-1.1.

**Synopsis:** Property tax credit based on income. Provides a property tax credit equal to the amount by which property tax on a homestead exceeds 10% of the owner's three year average gross income. Requires a credit application that includes income information to be filed with the county auditor. Applies current confidentiality requirements to income information and other financial information received by the county auditor.

**Effective:** July 1, 2005.

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January 20, 2005, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## SENATE BILL No. 599

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

1       SECTION 1. IC 6-1.1-17-1 IS AMENDED TO READ AS  
2       FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) On or before  
3       August 1 of each year, the county auditor shall send a certified  
4       statement, under the seal of the board of county commissioners, to the  
5       fiscal officer of each political subdivision of the county and the  
6       department of local government finance. The statement shall contain:

7               (1) information concerning the assessed valuation in the political  
8               subdivision for the next calendar year;

9               (2) an estimate of the taxes to be distributed to the political  
10              subdivision during the last six (6) months of the current calendar  
11              year;

12             (3) the current assessed valuation as shown on the abstract of  
13              charges;

14             (4) the average growth in assessed valuation in the political  
15              subdivision over the preceding three (3) budget years, excluding  
16              years in which a general reassessment occurs, determined  
17              according to procedures established by the department of local

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government finance; ~~and~~

**(5) information concerning credits applicable under IC 6-1.1-21-5.6 to taxes first due and payable in the next calendar year; and**

~~(5)~~ **(6) any other information at the disposal of the county auditor that might affect the assessed value used in the budget adoption process.**

(b) The estimate of taxes to be distributed shall be based on:

(1) the abstract of taxes levied and collectible for the current calendar year, less any taxes previously distributed for the calendar year; and

(2) any other information at the disposal of the county auditor which might affect the estimate.

(c) The fiscal officer of each political subdivision shall present the county auditor's statement to the proper officers of the political subdivision.

**(d) The:**

**(1) officers of a political subdivision; and**

**(2) department of local government finance;**

**shall adjust the assessed value used in setting rates for the taxes first due and payable in a calendar year in which credits apply under IC 6-1.1-21-5.6 to eliminate or minimize levy reductions that would otherwise result from the application of those credits.**

SECTION 2. IC 6-1.1-21-5.6 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 5.6. (a) The following definitions apply throughout this section:**

**(1) "Gross income" has the meaning set forth in IC 6-3-1-8.**

**(2) "Homestead" has the meaning set forth in IC 6-1.1-20.9-1(2).**

**(3) "Household income" means the combined gross income of the qualifying individual and the qualifying individual's spouse.**

**(4) "Net property tax bill" means the amount of property taxes currently due and payable in a particular calendar year after the application of all deductions and credits, except for the credit provided by this section, as evidenced by the tax statement referred to in IC 6-1.1-22-8.**

**(5) "Qualifying individual" means an individual who is liable for the payment of property taxes on a homestead.**

**(6) "Taxable year" has the meaning set forth in IC 6-3-1-16.**

**(b) Except as provided in subsection (c), for property taxes first**

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1 due and payable after December 31, 2006, a qualifying individual  
 2 may receive a credit each year against the net property tax bill on  
 3 the qualifying individual's homestead. The amount of the credit to  
 4 which a qualifying individual is entitled equals the greater of zero  
 5 (0) or the remainder of:

6 (1) the amount of the net property tax bill without the  
 7 application of the credit provided by this section; minus

8 (2) ten percent (10%) of the qualifying individual's average  
 9 gross income for:

10 (A) the qualifying individual's most recent taxable year  
 11 that ends before the date on which the claim is filed under  
 12 subsection (d); and

13 (B) the two (2) taxable years that immediately precede the  
 14 taxable year referred to in clause (A).

15 (c) If the qualifying individual resides in the homestead with the  
 16 qualifying individual's spouse, those individuals are together  
 17 entitled to one (1) credit under this section for the homestead. The  
 18 amount of the credit is determined under subsection (b), except  
 19 that the household income is substituted for the qualifying  
 20 individual's gross income.

21 (d) A qualifying individual who desires or a qualifying  
 22 individual and the qualifying individual's spouse who desire to  
 23 claim the credit provided by this section must file a certified  
 24 statement in duplicate, on forms prescribed by the department of  
 25 local government finance, with the auditor of the county in which  
 26 the homestead is located. With respect to real property, the  
 27 statement must be filed during the twelve (12) months preceding  
 28 May 11 of the year before the year for which the qualifying  
 29 individual or the qualifying individual and the qualifying  
 30 individual's spouse wish to obtain the credit under this section. For  
 31 a mobile home that is not assessed as real property or a  
 32 manufactured home that is not assessed as real property, the  
 33 statement must be filed during the twelve (12) months preceding  
 34 March 2 of the year for which the qualifying individual or the  
 35 qualifying individual and the qualifying individual's spouse wish to  
 36 obtain the credit under this section. The statement must include the  
 37 following information:

38 (1) The full name or names and complete address of the  
 39 qualifying individual or the qualifying individual and the  
 40 qualifying individual's spouse.

41 (2) A description of the homestead.

42 (3) Copies of federal income tax returns for the taxable years

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referred to in subsection (b)(2) for:

(A) the qualifying individual; or

(B) if subsection (c) applies, the qualifying individual and the qualifying individual's spouse.

(4) The name of any other county and township in which the qualifying individual or the qualifying individual's spouse owns or is buying on contract:

(A) real property; or

(B) a:

(i) mobile home; or

(ii) manufactured home;

that is not assessed as real property.

(5) The record number and page where the contract or memorandum of the contract is recorded if the homestead is under contract purchase.

(6) Any other information required by the department of local government finance.

(e) The auditor of a county with whom a statement is filed under subsection (d) shall immediately prepare and transmit a copy of the statement to the auditor of any other county if the qualifying individual who claims the credit or the qualifying individual's spouse owns or is buying property located in the other county as described in subsection (d)(4). The auditor of the other county described in subsection (d)(4) shall note on the copy of the statement whether a credit has been claimed under this section for a homestead located in the auditor's county. The auditor shall then return the copy to the auditor of the first county.

(f) If a proper certified credit statement is filed under subsection (d), the county auditor shall allow the credit and shall apply the credit equally against each installment of property taxes. The county auditor shall include the amount of the credit applied against each installment of property taxes on the tax statement required under IC 6-1.1-22-8.

(g) If an individual knowingly or intentionally files a false statement under this section, the individual must pay the amount of any credit the individual received because of the false statement, plus interest at the rate of ten percent (10%) per year, to the county auditor for distribution to the taxing units of the county in the same proportion that property taxes are distributed.

SECTION 3. IC 6-1.1-21-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) Notwithstanding IC 6-1.1-26, any taxpayer who is entitled to a credit under this chapter

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or who has properly filed for and is entitled to a credit under IC 6-1.1-20.9, and who, without taking the credit, pays in full the taxes to which the credit applies, is entitled to a refund, without interest, of an amount equal to the amount of the credit. However, if the taxpayer, at the time a refund is claimed, owes any other taxes, interest, or penalties payable to the county treasurer to whom the taxes subject to the credit were paid, then the credit shall be first applied in full or partial payment of the other taxes, interest, and penalties and the balance, if any, remaining after that application is available as a refund to the taxpayer.

(b) Any taxpayer entitled to a refund under this section **other than a refund based on the credit under section 5.6 of this chapter** shall be paid that refund from proceeds of the property tax replacement fund. However, with respect to any refund attributable to a homestead credit, the refund shall be paid from that fund only to the extent that the percentage homestead credit the taxpayer was entitled to receive for a year does not exceed the percentage credit allowed in IC 6-1.1-20.9-2(d) for that same year. Any refund in excess of that amount shall be paid from the county's revenue distributions received under IC 6-3.5-6.

(c) The state board of accounts shall establish an appropriate procedure to simplify and expedite the method for claiming these refunds and for the payments thereof, as provided for in this section, which procedure is the exclusive procedure for the processing of the refunds. The procedure shall, however, require the filing of claims for the refunds by not later than June 1 of the year following the payment of the taxes to which the credit applied.

SECTION 4. IC 6-1.1-35-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) All information that is related to earnings, income, profits, losses, or expenditures and that is:

(1) given by a person to:

(A) an assessing official;

(B) a member of a county property tax assessment board of appeals;

(C) a county assessor;

**(D) a county auditor;**

~~(E)~~ (E) an employee of a person referred to in clauses (A) through ~~(C)~~; **(D)**; or

~~(F)~~ (F) an officer or employee of an entity that contracts with a board of county commissioners, a county assessor, or an elected township assessor under IC 6-1.1-36-12; or

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(2) acquired by:

(A) an assessing official;

(B) a member of a county property tax assessment board of appeals;

(C) a county assessor;

**(D) a county auditor;**

~~(D)~~ (E) an employee of a person referred to in clauses (A) through ~~(C)~~; **(D)**; or

~~(E)~~ **(F)** an officer or employee of an entity that contracts with a board of county commissioners, a county assessor, or an elected township assessor under IC 6-1.1-36-12;

in the performance of the person's duties;

is confidential. The assessed valuation of tangible property is a matter of public record and is thus not confidential. Confidential information may be disclosed only in a manner that is authorized under subsection (b), (c), or (d).

(b) Confidential information may be disclosed to:

(1) an official or employee of:

(A) this state or another state;

(B) the United States; or

(C) an agency or subdivision of this state, another state, or the United States;

if the information is required in the performance of the official duties of the official or employee; or

(2) an officer or employee of an entity that contracts with a board of county commissioners, a county assessor, or an elected township assessor under IC 6-1.1-36-12 if the information is required in the performance of the official duties of the officer or employee.

(c) The following state agencies, or their authorized representatives, shall have access to the confidential farm property records and schedules that are on file in the office of a county or township assessor:

(1) the Indiana state board of animal health, in order to perform its duties concerning the discovery and eradication of farm animal diseases;

(2) the department of agricultural statistics of Purdue University, in order to perform its duties concerning the compilation and dissemination of agricultural statistics; and

(3) any other state agency that needs the information in order to perform its duties.

(d) Confidential information may be disclosed during the course of a judicial proceeding in which the regularity of an assessment is

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1 questioned.

2 (e) Confidential information that is disclosed to a person under  
3 subsection (b) or (c) retains its confidential status. Thus, that person  
4 may disclose the information only in a manner that is authorized under  
5 subsection (b), (c), or (d).

6 (f) Notwithstanding any other provision of law:

7 (1) a person who:

8 (A) is an officer or employee of an entity that contracts with a  
9 board of county commissioners, a county assessor, or an  
10 elected township assessor under IC 6-1.1-36-12; and

11 (B) obtains confidential information under this section;  
12 may not disclose that confidential information to any other  
13 person; and

14 (2) a person referred to in subdivision (1) must return all  
15 confidential information to the taxpayer not later than fourteen  
16 (14) days after the earlier of:

17 (A) the completion of the examination of the taxpayer's  
18 personal property return under IC 6-1.1-36-12; or

19 (B) the termination of the contract.

20 SECTION 5. IC 6-1.1-35-11 IS AMENDED TO READ AS  
21 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 11. (a) An assessing  
22 official, member of a county property tax assessment board of appeals,  
23 a state board member, **a county auditor**, or an employee of any  
24 assessing official, county assessor, **county auditor**, or board shall  
25 immediately be dismissed from that position if the person discloses in  
26 an unauthorized manner any information that is classified as  
27 confidential under section 9 of this chapter.

28 (b) If an officer or employee of an entity that contracts with a board  
29 of county commissioners, a county assessor, or an elected township  
30 assessor under IC 6-1.1-36-12 discloses in an unauthorized manner any  
31 information that is classified as confidential under section 9 of this  
32 chapter:

33 (1) the contract between the entity and the board is void as of the  
34 date of the disclosure;

35 (2) the entity forfeits all right to payments owed under the  
36 contract after the date of disclosure;

37 (3) the entity and its affiliates are barred for three (3) years after  
38 the date of disclosure from entering into a contract with a board,  
39 a county assessor, or an elected township assessor under  
40 IC 6-1.1-36-12; and

41 (4) the taxpayer whose information was disclosed has a right of  
42 action for triple damages against the entity.

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1       SECTION 6. [EFFECTIVE JULY 1, 2005] IC 6-1.1-21-5.6, as  
2       added by this act, applies only to property taxes first due and  
3       payable after December 31, 2006.

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